



1999 SMALL BUSINESS PROFILE: UTAH

By any measure, small businesses are critical to the economic well-being of Utah. They create new businesses (and the new jobs that go with them); bring new and innovative services and products to the marketplace; and provide business ownership opportunities to diverse (and traditionally underrepresented) groups. These contributions are clearly established in the statistical portrait contained in this *Small Business Profile* compiled by the U.S. Small Business Administration's Office of Advocacy.

Number of Businesses. In 1998 there were 49,600 businesses with employees, of which approximately 96 percent were small businesses (less than 500 employees). The number of small businesses with employees increased by 4.5 percent from 47,500 in 1997. There were also 76,000 self-employed persons in 1998. While there is some overlap between these two groups (firms with employees and self-employed persons), a rough calculation puts the total number of businesses at 125,600. (Sources: U.S. Dept. of Labor, Employment and Training Administration; U.S. Dept. of Commerce, Bureau of the Census; U.S. Dept. of Labor, Bureau of Labor Statistics)

Women-Owned Businesses. There were 31,000 self-employed women in 1998, representing 40.8 percent of total self-employment in the state. (Source: U.S. Dept. of Labor, Bureau of Labor Statistics)

Minority-Owned Businesses. According to the latest figures available, there were 4,352 minority-owned businesses in 1992, including 354 Black-owned businesses; 2,375 Hispanic-owned firms; and 1,700 firms owned by Asians, Pacific Islanders, American Indians, and Alaskan Natives. (Data may not add to the total because an owner may be a member of more than one minority group.) Of these businesses, 785 had employees, with employment totaling 4,800. (Source: U.S. Dept. of Commerce, Bureau of the Census)

Business Turnover. In 1998, 9,700 new employer firms were formed, 3.2 percent more than the number formed in 1997. There were 7,300 business terminations in 1998, a 17.6 percent decrease from 1997. Business bankruptcies totaled 500 in 1998, a 6.0 percent increase from 1997. (Sources: U.S. Dept. of Labor, Employment and Training Administration; Administrative Office of the U.S. Courts; U.S. Dept. of Commerce, Bureau of the Census)

Employment. In 1996, businesses with fewer than 500 employees accounted for 397,900 employees, or 51.9 percent of the state's 781,900 private-sector non-farm employment. Small-business employment was concentrated in the following sectors: construction, agricultural services, and wholesale trade (see Table 1). Small businesses added a net total of 25,000 employees between 1995 and 1996, accounting for 64 percent of private non-farm employment growth in the state (see Table 2). The industries with the largest percent increases in employment among small businesses were: engineering and management services; food and kindred products; and special trade contractors (see Table 3). (Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses)

Recent figures show that small firm job growth has continued. According to data prepared for the SBA's Office of

Advocacy by Cognetics, Inc., non-farm businesses added 166,600 net new jobs in the state between 1994 and 1998. In almost all industries, the most prolific job creators were firms with fewer than five employees. (Source: Cognetics, Inc.)

Small Business Income. There is no single measure of small business profitability because firms may operate as sole proprietorships, partnerships, or corporations. A partial measure — non-farm proprietors' income — totaled \$3.4 billion in 1998, an increase of 8.4 percent from \$3.2 billion in 1997. (Source: U.S. Dept. of Commerce)

Finance. The SBA's Office of Advocacy ranked the 50 banks in the state that filed "call reports" with federal banking regulators on the basis of dollar value, number, and percentage of small commercial loans (under \$1 million) outstanding on June 30, 1998. (See Table 4 for the top-ranking small-business-friendly banks.) In addition to these banks, small businesses seeking loans should consider lenders that participate in the SBA's loan programs (so-called "preferred" or "certified" lenders); for a list of these lenders, call the Small Business Answer Desk at (800) 827-5722. Small businesses looking for qualified investors can also turn to the Access to Capital Electronic Network (ACE-Net). For more information, contact an ACE-Net operator at (801) 957-3480 or via e-mail at finnermi@slcc.edu.

To learn more about the Office of Advocacy's data, analyses, and research reports on small business, call (202) 205-6530 or visit the office's Web site at www.sba.gov/advo.

TABLES

Table 1. Employment by Industry and Firm Size, 1996 (thousands)

<i>Industry</i>	<i>Total</i>	<i>Firm Size by Number Of Employees</i>		<i>< 500 as Percent of Industry Total</i>
		<i>1-19</i>	<i>1-499</i>	
Total non-farm employment	781.9	146.6	397.9	50.9
Agricultural services	3.4	2.0	3.0	89.6
Mining	9.6	*	3.3	*
Construction	52.7	24.8	49.8	94.5
Manufacturing	123.0	10.7	47.9	38.9
Transportation, communications, and utilities	52.3	4.8	16.1	30.8
Wholesale trade	52.5	11.4	34.8	66.3
Retail trade	168.2	31.4	92.7	55.1
Finance, insurance, and real estate	49.0	9.7	22.0	45.0
Services	270.7	50.7	127.8	47.2
Unclassified	0.4	*	0.4	*

* Data not available due to disclosure restrictions.

Source: U.S. Dept. of Commerce, Bureau of the Census.

Table 2. Non-Farm Job Gains and Losses by Firm Size, 1995–1996 (thousands)

	<i>Firm Size</i>		
	<i>Total</i>	<i>1–19</i>	<i>1–499</i>
Gains:			
New establishments	56.2	19.1	33.1
Expanding establishments	85.1	27.1	55.5
Losses:			
Downsized establishments	(66.3)	(14.0)	(37.2)
Closed establishments	<u>(35.8)</u>	<u>(13.7)</u>	<u>(26.4)</u>
Net change in employment	39.2	18.5	25.0

Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses, 1999.

Table 3. Fastest Small Business Employment Growth by Industry, 1995–1996 (thousands)

<i>Industry</i>	<i>SIC</i>	<i>Small Business Employment</i>	<i>Net</i>	<i>Percent</i>
		<i>1996</i>	<i>Change*</i>	<i>Change</i>
Total, all Industries		397.9	14.5	3.8
Engineering and management services	8700	15.1	1.6	11.8
Food and kindred products	2000	5.5	0.5	9.9
Special trade contractors	1700	31.7	2.6	9.0
Trucking and warehousing	4200	8.7	0.7	8.4
Amusement and recreation services	7900	7.9	0.5	6.5

* Net change in Table 2 differs by definition from net change in Table 3. Table 2 uses dynamic data to track changes in individual businesses over time, whereas Table 3 uses static data to take snapshots of the universe of businesses at two different points in time.

Note: Table shows the top five industries. Includes only businesses with fewer than 500 employees. Industries with less than 1 percent change in small business employment are not included.

Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses, 1999.

Table 4. Small-Business-Friendly Banks, 1998

<i>Bank Name</i>	<i>Location</i>
Mountainwest Financial	Sandy
Advanta Financial Corp.	Murray
Wright Express Financial Services Corp.	Salt Lake City
First USA Financial Services	Salt Lake City
Far West Bank	Provo
GE Capital Financial	Salt Lake City
Zions First National Bank	Salt Lake City

Source: U.S. Small Business Administration, Office of Advocacy, from data collected by the Federal Reserve Board.

The full list of small-business-friendly banks can be found on the Office of Advocacy's Web site at www.sba.gov/advo/lending/inus2.html.